

Question	Response
<p>1. Mr Francis and Ms Garrash sought a loan of \$150,000 for Precision Piering & Excavation PL. They say that a Mango representative advised them the minimum they could borrow was \$300,000. Mango's website says it offers Mortgage loans for \$10,000 - \$500,000; commercial loans for \$10,000 - \$250,000; and caveat loans for \$10,000 - \$250,000. Did Mango insist on the higher amount? If so, why?</p>	<p>This is factually incorrect.</p> <p>The borrowers through, Ms Garrash, requested a \$300,000 loan with an option to make a principal reduction of \$150,000, and as a consequence of that principal reduction, a lower interest repayments would follow.</p> <p>We assume the borrowers or Ms Garrash has provided you with the email from our client to her of 26 November 2017.</p> <p>Additionally, where you state "a Mango representative", we assume that you are referring to an officer or employee of our client. Our client cannot speak as to any representations made by any third parties.</p>
<p>2. Did Mango conduct any responsible lender checks on Mr Francis's and Ms Garrash's capacity to repay the loan?</p>	<p>Our client has complied with its legal obligations in this regard.</p>
<p>3. The interest charged on the loan was 21% per annum, and 150% per annum in the event of default.</p> <p>a. Are these rates excessively high?</p> <p>b. Is the penalty rate fair? Is it gouging?</p>	<p>The borrowers obtained independent legal and financial advice in respect of the loan.</p>
<p>4. Mr Francis and Ms Garrash borrowed \$300,000. They intended to exit the loan 12 months later, and indeed attempted to do so through refinancing. They made all required monthly repayments over that time. Under the terms offered to them, the fees and interest to Mango in that period amounted to more than \$76,000 – 25% of the principal.</p> <p>a. Can you confirm those figures?</p> <p>b. Is this good value for money?</p>	<p>This is factually incorrect.</p> <p>In fact:</p> <p>(a) Precision Piering & Excavation Pty Ltd ACN 621 568 081 ATF the Murphy Family Trust Francis Gerid Paul Murphy ATF the Murphy Family Trust, together with Mr Murphy in his personal capacity, jointly borrowed \$300,000;</p> <p>(b) Ms Garrash was not a party to the transaction;</p> <p>(c) the loan term was 24 months;</p> <p>(d) the borrowers did not make all required monthly repayments over that time, and instead defaulted in promptly payment of the following interest repayments:</p> <p>(i) January 2018;</p> <p>(ii) April 2018;</p> <p>(iii) May 2018;</p> <p>(iv) June 2018;</p> <p>(v) October 2018;</p> <p>(vi) November 2018; and</p> <p>(vii) December 2018;</p>

	<p>(e) further to (d), by such defaults, our client was entitled to charge the borrowers interest at the higher rate of interest, but nevertheless charged the borrowers and accepted interest at the lower rate of interest;</p> <p>(f) additionally, no action was instituted by our client to recover the late payments, and the borrowers can advise you why they did not undertake earlier refinancing arrangements to ensure the loan could be paid out as they had intended;</p> <p>(g) again, the borrowers obtained independent legal and financial advice in respect of the loan.</p>
<p>5. The family home was owned outright when the loan was entered. The borrowers repaid all instalments on time for the first 12 months (Jan – Dec 2018). Yet 11 months later their home has been repossessed by Mango.</p> <p>a. Do borrowers benefit from dealing with Mango?</p> <p>b. Is Mango a fair lender?</p> <p>c. Does Mango offer products that are good value for money for borrowers?</p>	<p>Your first sentence is factually incorrect.</p> <p>At the time the loan was made there were two (2) encumbrances registered on the title of the property which secured loans obtained from Morris Finance and Prospa.</p> <p>The loan obtained from our client was in part used to refinance and discharge those encumbrances. No doubt the borrowers and Ms Garrash can confirm those details to you.</p> <p>You second sentence is also factually incorrect. Please refer to response to Q4.</p> <p>Respectfully, given the above factual inaccuracies, our client sees no utility in responding to Q5(a), (b) and (c), but again restates that the borrowers obtained independent legal and financial advice in respect of the loan.</p>
<p>6. Ms Garrash has made a sworn statement that she was told by you last December not to make the monthly payment in January 2019, and that this would be wrapped up in the refinancing loan payout. Did you?</p>	<p>Our client denies the making of any such representation.</p>
<p>7. Ms Garrash and Mr Francis sought to refinance their loan. They have made sworn statements that Mango did not provide them in a timely fashion with the documentation they required to obtain refinance. One such document was provided in January 2019, but only after a month's delay, by which time the application for refinance had lapsed, and needed to be reinitiated. Over the next 3-4 months, no further requested documentation was provided. Did Mango's</p>	<p>Respectfully, the categorisation that our client failed to act in a timely manner in connection with the purported refinance is unfair in the circumstances.</p> <p>We assume that the borrowers and Ms Garrash have provided you with all the relevant emails/correspondence and appraised you of relevant conversations, from which it would be evident that:</p> <p>(a) the borrowers were contacted by our client on 6 December 2018 regarding the very late November instalment and the late December instalment;</p> <p>(b) around mid-December conversations were taking place regarding the provision of statements for the loan;</p>

<p>representatives fail to provide Ms Garrash with the documentation she sought in a timely manner? Why?</p>	<p>(c) due to the complete failure to pay the November and December 2018 instalments of interest, it was agreed that the account should be brought up to date at the lower rate of interest before issuing a statement – otherwise it will likely adversely affect any refinancing lender’s assessment of the borrowers, effectively jeopardising the borrowers’ ability to refinance the loan;</p> <p>(d) the late interest instalments due 4 November 2018 and 4 December 2018 were made at the lower rate by 20 December 2018.</p> <p>As you no doubt appreciate the periods around Christmas and New Year are not usually very active in the lending industry. However, our client on 8 January 2019 provided the statements as requested by the borrowers and Ms Garrash and that was done to assist and not thwart them in their efforts. No doubt the borrowers and Ms Garrash can confirm those details as they have the statements.</p>
<p>8. Does Mango not provide clients with monthly statements? If not, why?</p>	<p>The policy is to provide them upon request.</p>
<p>9. Do you consider that, had Mango provided the documentation in a timely manner, Mr Francis and Ms Garrash would have been in a position to refinance promptly, and would not have fallen into default or a significant default, and would still own their home?</p>	<p>Respectfully, your question is improperly put to our client, as it presupposes an admission that our client failed to act in a timely manner.</p> <p>Nevertheless, our client repeats its response above to Q7, and for the avoidance of doubt, documents were provided in a timely manner.</p> <p>Again, the borrowers’ defaults in prompt payment would have compromised the borrowers’ ability to refinance. Our client addressed this with the borrowers and Mr Garrash in view of putting them in the best position to obtain a refinance as they intended. Any purported delay in providing documents was in fact in furthering the borrowers’ interests, as again, our client issuing a loan statement which indicated the November 2018 instalment being in excess of 30 days in arrears, and the December 2018 instalment nearing 30 days in arrears would have, frankly, greatly reduced the borrowers’ ability to refinance, or at least a refinance with a lender offering commercial terms better or equivalent to our client.</p>
<p>10. Mango cites a Mango Mortgages PL Financial Services Licence on its website. Yet the loan in this instance was provided by a non-licensed Mango entity, Mango Credit PL. Why?</p>	<p>Your first sentence is factually incorrect.</p> <p>Mango Mortgages Pty Ltd does not hold a financial services licence. It holds a Australia credit licence.</p>

	Respectfully, this question appears to be labouring under a misapprehension of the relevant law, and we would recommend that the ABC obtain its own legal advice in this regard.
11. Does the licensed arm, Mango Mortgages, make loans?	This is irrelevant to the loan transaction concerning the borrowers. Again, we would recommend that the ABC obtain its own legal advice in this regard.
12. Does Mango and its representatives, including you, treat its clients respectfully and professionally?	Yes.
13. Does Mango make business loans to borrowers who seek the money for personal purposes?	Frankly, your question answers itself. But for the avoidance of doubt, no.
14. Why does Mango Credit not have a Financial Services Licence?	Again, we would recommend that the ABC obtain its own legal advice in this regard, but in short, it is not required to hold an AFSL.
15. Why doesn't Mango Credit elect to be under the jurisdiction of AFCA?	Again, we would recommend that the ABC obtain its own legal advice in this regard, but in short, it is not required to be a member.
16. Do you believe that Mango in its dealings with Mr Murphy, Ms Garrash or Precision Piering & Excavation PL, or any other borrowers, has complied with all applicable laws or regulations?	Yes.
17. Has Mango ever taken advantage of vulnerable borrowers?	No.